NHTSA-2008-0019

CHRYSLER

November 6, 2008

Mr. Stephen R. Kratzke

Associate Administrator for Rulemaking, NVS-100

National Highway Traffic Safety Administration

1200 New Jersey Avenue, SE

West Building - W45-328

Washington, DC 20590

Dear Mr. Kratzke:

Chrysler LLC respectfully requests a minor reduction in the required phase-in percentage for the production year beginning September 1, 2009 for the new front row head restraint requirements of FMVSS 202a. We seek this adjustment because of the unprecedented and urgent challenges that today not only confront Chrysler but the entire automobile industry.

The current economic crisis has adversely affected the industry in several ways. The rapid rise in fuel prices earlier this year, a collapse in housing and stock prices, a lack of credit for our customers and dealers, and the worldwide economic downturn have reduced overall vehicle sales and resulted in significant shifts in sales mix. For example, last December, the industry was operating at a Seasonally Adjusted Annualized Rate (SAAR) of 16.5 million units but by July, the SAAR had already dropped to 12.8 million units. In October, U.S. vehicle sales fell more than 30 percent from their levels of a year earlier, reducing the SAAR to approximately 11.0 million vehicles. The National Automobile Dealers Association is now estimating that 700 dealerships will fail and close by the end of the year. Chrysler is reacting to these changes by constantly reviewing and revising product plans and volume projections. As a consequence, our forecast does not have sufficient margins to ensure compliance with the 80 percent phase-in requirement in FMVSS 202a for the production year beginning September 1, 2009.

Chrysler appreciates that the 80 percent requirement was requested by the industry in petitions for reconsideration and subsequently accepted by the NHTSA in its response on May 4, 2007. Prior to and following that rule, Chrysler conducted all the necessary analyses, research, design, and product planning activities to ensure compliance. As always, our phase-in plans were developed with a healthy compliance margin to account for foreseeable changes in the market. As recently as several months ago, our plans projected that 85 percent of our fleet would comply with the first year phase-in requirement for FMVSS 202a versus the required 80 percent. As noted however, causal factors well beyond our control have shrunk industry volumes and changed the mix of vehicles such that our now-projected fleet compliance percentage has been reduced and the planned compliance margin has all but disappeared.

Since the May 4, 2007 rule, Chrysler LLC has continued with planning, engineering, and launch activities for the vehicle lines slated for first year compliance with FMVSS 202a but revised sales forecasts show that our compliance margins have been eliminated. We cannot accommodate any further forecasts or real volume deterioration or mix change in the marketplace. Normally, we would look to resolve phase-in issues like this internally by introducing another compliant vehicle but with the dramatic marketplace swing literally on the eve of compliance, there simply is insufficient lead-time to initiate, execute, and validate the scope of change needed to pull-ahead another product that was planned for the following year. Adjusting the phase-in percentage nominally down allows all current activities to continue and does not substantively affect the marketplace because each vehicle line that was originally intended to be compliant would continue as such, just at a lower sales volume.

In summary, we respectfully petition that the NHTSA initiate appropriate rulemaking to adjust the front row phase-in percentage of FMVSS 202a to 70 percent. We do not seek any other changes to the standard or its final effective dates. Chrysler will submit its confidential plans in support of this request under separate cover to the Chief Counsel's Office with a Request for Confidentiality for the Agency's information. Finally, to the extent possible, we request the Agency expedite this rulemaking and offer a 30 day comment period, or take other procedural actions that achieve an early disposition of the issue.

Sincerely,

S. J. Speth

Stephan Speth